

Appropriation: Helium Fund and Operations

ACTIVITY SUMMARY

The Helium Act Amendments of 1960, Public Law 86-777 (50 U.S.C. 167), authorized activities to provide sufficient helium to meet the current and foreseeable future needs of essential government activities. The Helium Privatization Act of 1996, Public Law 104-273, discontinued production and sale of refined helium. Proposed regulations are being drafted to facilitate administration and implementation of other provisions granted under 50 U.S.C. 167.

Summary of Requirements (\$000)

Comparison by Activity/ Subactivity	2005 Actual		2006 Enacted		Fixed Costs & Related Changes (+/-)		Program Changes (+/-)		2007 Budget Request		Inc(+) / Dec(-) from 2006	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Helium Fund	50	0	50	0	+0	+0	+0	+0	50	0	0	0
Helium Fund Offsetting Collections	50	76,000 -76,000	50	79,000 -79,000	+0	+0 +0	+0	+2,000 -2,000	50	81,000 -81,000	0	+2,000 -2,000
OPERATING PROGRAMS:	50	76,000	50	79,000	+0	+0	+0	+2,000	50	81,000	0	+2,000
Production & Sales	14	12,000	14	15,000	+0	+0	+0	+0	14	15,000	0	0
Transmission & Storage Operations	20	2,000	20	2,000	+0	+0	+0	+2,000	20	4,000	0	+2,000
Administrative & Other Expenses	16	62,000	16	62,000	+0	+0	+0	+0	16	62,000	0	0
Closure	0	0	0	0	+0	+0	+0	+0	0	0	0	0
CAPITAL INVESTMENT:	0	0	0	0	+0	+0	+0	+0	0	0	0	0
Land, Structures, & Equipment	0	0	0	0	+0	+0	+0	+0	0	0	0	0
Carry Forward Balance									0		0	

Activity: Helium Fund and Operations

Activity Summary (\$000)

Subactivity	2005 Actual Amount	2006 Enacted Amount	Fixed Costs & Related Changes (+/-) Amount	Program Changes (+/-) Amount	2007 Budget Request Amount	Inc(+) Dec(-) from 2006 Amount
Helium Fund	76,000	79,000	0	2,000	81,000	2,000
Offsetting Collections	-76,000	-79,000	0	-2,000	-81,000	-2,000
Production & Sales	12,000	15,000	0	0	15,000	0
FTE	14	14	0	0	14	0
Transmission & Storage Operations	2,000	2,000	0	+2,000	4,000	+2,000
FTE	20	20	0	0	20	0
Administrative & Other Expenses	62,000	62,000	0	0	62,000	0
FTE	16	16	0	0	16	0
Closure	0	0	0	0	0	0
FTE	0	0	0	0	0	0
Subtotal Dollars - OPERATING PROGRAMS	76,000	79,000	0	+2,000	81,000	+2,000
FTE	50	50	0	0	50	0
Land, Structures, & Equipment	0	0	0	0	0	0
FTE	0	0	0	0	0	0
Subtotal Dollars - CAPITAL INVESTMENT	0	0	0	0	0	0
FTE	0	0	0	0	0	0
Subtotal Dollars - CARRY-FORWARD BALANCE	0	0	0	0	0	0
Total Dollars	76,000	79,000	0	+2,000	81,000	+2,000
FTE	50	50	0	0	50	0

JUSTIFICATION OF 2007 PROGRAM CHANGES

The 2007 budget request for the Helium Fund and Operations program is \$81,000,000 and 50 FTE, a net program increase of \$2,000,000 from the 2006 enacted level.

Transmission & Storage Operations (+\$2,000,000) - BLM expects to incur higher fuel costs at the Cliffside enrichment plant in 2007. This category of operations was underestimated in 2006, but has been updated to more closely reflect current fuel prices.

PROGRAM OVERVIEW

The Helium program supports the Resource Use mission goal from the Department's Strategic Plan by providing the helium requirements of essential Federal government programs. The BLM New Mexico Field Office located in Amarillo, Texas accomplishes this objective through crude helium transmission and storage of Federal and private crude helium via the helium storage system; the administration of the sale of crude helium (coordinated with the private helium industry so as not to disrupt the helium market); the evaluation of helium resources; and the administration of helium extracted from Federal lands. The helium storage system ensures that excess helium produced from natural gas processing plants connected to the pipeline network is conserved for future use. Federally owned natural gas containing marketable helium reserves will be identified and contracted for sale or royalty to enhance conservation of crude helium already in storage.

The *Helium Privatization Act of 1996*, P.L. 104-273, significantly changed the objectives and functions of this program. This legislation established revised guidelines for the helium program. Specifically, it directed BLM to:

- Continue the storage and transmission of crude helium.
- Sell the crude helium reserve over an extended period.
- Oversee production of helium on Federal lands.
- Conduct a National Academy of Sciences study on helium issues.

The legislation has resulted in the reduction of personnel from 173 (in 1997) to 50, cessation of refining functions, and initiation of orderly disposal of excess property. Remaining environmental cleanup costs will add to the funds typically required in a normal year. These costs are expected to be variable, depending on the results of environmental assessments of the decommissioned production facilities. Divestiture of the Amarillo and Exell plant sites will be influenced, in part, on the results of the Environmental Site Assessments. Based on findings from Phase One Environmental Site Assessments, no significant environmental cost increases are expected.

2007 PROGRAM PERFORMANCE ESTIMATES

In 2007, the program will continue to meet the needs of Federal customers through “in-kind” crude helium sales to Federal helium suppliers and open market sales in accordance with the *Helium Privatization Act of 1996*. All the income derived from crude helium sales, from private helium storage, and from fee sales/royalty payments for helium extracted from Federal lands will pay the full costs of the program.

In 2007, the Helium program will:

- Continue storage and transmission of crude helium.
- Administer helium fee and royalty contracts for helium extracted from gas produced on Federal lands.
- Administer the in-kind and open market crude helium gas sale programs.
- Conduct helium resource evaluation and reserve tracking to determine the extent of helium resources.
- Complete the disposal of helium refining-related facilities not needed for the storage and transmission of crude helium.

2006 PLANNED PROGRAM PERFORMANCE

In 2006, the Helium program plans to conduct sales and activities of approximately \$92 million to implement the *Helium Privatization Act of 1996*. Open market and in-kind sales are expected to generate \$61 million. Natural and liquid gas sales are expected to generate \$21 million. The helium storage program will generate over \$3.5 million for the program. In addition to this revenue, the Helium program will receive an estimated \$6.5 million from helium royalties and fee sales. The program estimates that payments to the Helium Debt will be approximately \$80 million in 2006. Planned accomplishments in 2006 include producing crude helium from the Helium Enrichment Unit for more than 340 days and collecting fees and royalties from companies on producing wells that contain helium content. Also planned for 2006 are the disposal of the Amarillo Helium Plant through GSA, and completion of the environmental cleanup of the Exell Helium Plant.

2005 PROGRAM PERFORMANCE ACCOMPLISHMENTS

In 2005, the Helium program conducted sales of approximately \$88.8 million. Included were open market and in-kind sales for \$56.5 million. Natural and liquid gas sales were \$21 million. The helium storage program generated \$4.8 million during 2005. In addition to this revenue, the Helium program received \$6.5 million from helium royalties and fee sales. A payment of \$65 million was made to the Helium Debt Fund on September 23, 2005, bringing the cumulative amount paid to \$279 million since 1998. Accomplishments completed in 2005 included producing crude helium product from the Helium Enrichment Unit a total of 333 days

which is 49 days greater than in 2004 and collecting of fees and royalties from companies on producing wells that contain helium content. Other accomplishments for 2005 were the completion of the environmental cleanup of the Landis Property and the Amarillo Helium Plant and the continuation of the environmental cleanup process of the Exell Helium Plant.

Use of Cost and Performance Information in the Helium Fund and Operations Program - A team of BLM employees will conduct an in depth program review in the spring of 2006, which will include a review of accounting procedures and the establishment of appropriate performance measures for the program.

Helium Budget Schedule

Budget Schedules

PROGRAM AND FINANCING (MILLION \$)				
Identification code: 14-405300-0		2005 Act	2006 CY	2007 BY
	Program and Financing (P)			
	Obligations by program activity			
0901	Production and Sales	12	15	15
0902	Transmission and storage	2	2	4
0903	Administration and other expenses	62	62	62
1000	Total new obligations	76	79	81
	Budgetary resources available for obligation			
	Unobligated balance carried forward, start of year	21	32	33
2140				
2200	New budget authority (gross)	87	80	157
	Total budgetary resources available for obligation	108	112	190
2390				
2395	Total new obligations	-76	-79	-81
	Unobligated balance carried forward, end of year	32	33	109
2440				
	New budget authority (gross), detail			
	Spending authority from offsetting collections			
	Mandatory			
6900	Offsetting collections (cash)	87	80	157
	Change in obligated balances			
7240	Obligated balance, start of year	5	0	9
7310	Total new obligations	76	79	81
7320	Total outlays (gross)	-81	-70	-111
7440	Obligated balance, end of year	0	9	-21
	Outlays (gross), detail			
8697	Outlays from new mandatory authority	1	32	63
8698	Outlays from mandatory balances	80	38	48
8700	Total outlays (gross)	81	70	111
	Offsets			
	Against gross budget authority and outlays			
	Offsetting collections (cash) from			
8840	Non-Federal sources	87	80	157
	Net budget authority and outlays			
8900	Budget authority	0	0	0
9000	Outlays	-7	-10	-46
9502	Unpaid obligation, end of year	6	0	0

BALANCE SHEET (F) (MILLION \$)			
Identification code: 14-405300-0	2005 Act	2006 CY	2007 BY

	Balance Sheet (F)			
	ASSETS			
	Federal assets			
1101	Fund balances with Treasury	32	0	0
	Other Federal assets			
1802	Inventories and related properties	304	0	0
1803	Property, plant and equipment, net	14	0	0
1999	Total assets	350	0	0
	LIABILITIES			
	Federal liabilities			
2102	Interest payable	823	0	0
2103	Debt	252	0	0
2999	Total liabilities	1075	0	0
	NET POSITION			
3300	Cumulative results of operations	-725	0	0
4999	Total liabilities and net position	350	0	0

PROGRAM AND FINANCING (MILLION \$)				
Identification code: 14-405300-0		2005 Act	2006 CY	2007 BY
	Object Classification (O)			
	Reimbursable obligations			
	Personnel compensation			
2111	Full-time permanent	3	3	3
2121	Civilian personnel benefits	1	1	1
	Communications, utilities, and miscellaneous			
2233	charges	1	1	1
2252	Other services	2	2	4
2260	Supplies and materials	1	1	1
2410	Grants, subsidies, and contributions	2	2	2
2430	Interest and dividends	66	69	69
9999	Total new obligations	76	79	81

BA, LIMITATIONS, AND OUTLAYS - POLICY (A) (MILLION \$)				
Identification code: 14-405300-0		2005 Act	2006 CY	2007 BY
	BA, Limitations, and Outlays - Policy (A)			
	Spending authority from offsetting collections (total) [Text]			
6990	Mandatory, authorizing committee, regular Offsetting collections, Non-Federal sources [Text]	87	80	157
8840	Mandatory, authorizing committee, regular Outlays from new offsetting collections [Text]	87	80	157
9311	Mandatory, authorizing committee, regular Outlays from balances of offsetting collections [Text]	1	32	63

9321	Mandatory, authorizing committee, regular Memo: Outlays frm end of PY bal. from offsetting coll [Text]	80	38	48
9322	Mandatory, authorizing committee, regular	0	38	0

BA, LIMITATIONS, AND OUTLAYS - BASELINE (S) (MILLION \$)				
Identification code: 14-405300-0		2005 Act	2006 CY	2007 BY
6990	BA, Limitations, and Outlays - Baseline (S) Spending authority from offsetting collections (total) [Text] Mandatory, authorizing committee, regular Offsetting collections, Non-Federal sources [Text]	0	80	157
8840	Mandatory, authorizing committee, regular Outlays from new offsetting collections [Text]	0	80	157
9311	Mandatory, authorizing committee, regular Outlays from balances of offsetting collections [Text]	0	32	63
9321	Mandatory, authorizing committee, regular Memo: Outlays frm end of PY bal. from offsetting coll [Text]	0	38	48
9322	Mandatory, authorizing committee, regular	0	38	0

PERSONNEL SUMMARY (Q)				
Identification code: 14-405300-0		2005 Act	2006 CY	2007 BY
2001	Personnel Summary (Q) Reimbursable Civilian full-time equivalent employment	50	50	50